

Community Development Commission

January 24, 2008

TO: Each Supervisor *Bobbette A. Glover*
FROM: *for* Carlos Jackson, Executive Director
SUBJECT: **ADVANCE NOTIFICATION OF INTENT TO EXECUTE AN
"AUTHORIZATION TO ORDER UNDER STATE CONTRACT" WITH
VERIZON BUSINESS FOR VOICE OVER INTERNET PROTOCOL
SERVICES FOR THE BUSINESS TECHNOLOGY CENTER**

This memorandum is to advise you that the Community Development Commission of the County of Los Angeles (Commission) intends to execute an "Authorization to Order Under State Contract" with MCI Network Services, Inc. or MCI Financial Management, Corp. on behalf of MCI Communications Services, Inc. d/b/a Verizon Business Services (Verizon) and other authorized Verizon companies in order to obtain Voice over Internet Protocol (VoIP) services for the Business Technology Center (BTC).

BACKGROUND

In 2006, the Commission issued a Request for Proposals (RFP number AS06-024) for hosted VoIP services for its BTC project. Verizon submitted a bid and was subsequently selected for award of a contract. However, during negotiations with Verizon, the Commission learned that Verizon and the State of California had a contract for discounted services under the California Integrated Information Network (CALNET II).

CALNET II is the State of California's master agreement with Verizon and AT&T for core network, long distance, hosted VoIP services and fixed wireless services. Pursuant to CALNET II, the State and any public agency as defined in Government Code section 11541 is allowed to order services and products set forth in the CALNET II contract. The VoIP portion of the master agreement was awarded to Verizon. The CALNET II contract, dated January 30, 2007, is for a term of five years with two one-year extension options and includes a provision for participants to opt out of the agreement after two years.

In order to obtain the discounted VoIP services rates offered under CALNET II, the Commission must execute an "Authorization to Order Under State Contract" (Authorization).

JUSTIFICATION

The benefits of executing the Authorization, as opposed to entering into a separate agreement with Verizon under the Commission's RFP, is that the Commission will receive comparable or better services at a lower price through CALNET II. The potential annual savings to the Commission under CALNET II is conservatively estimated at \$10,000. In addition, no minimum order or minimum payment per month is required under CALNET II. In the original winning proposal submitted by Verizon, the Commission was required to obtain a minimum of 75 telephones and make a minimum payment per month. Also, under the terms of CALNET II, Verizon is required to service the entire system. As such, out of pocket costs to the BTC will be nominal. Reimbursement from BTC tenants for the hosted VoIP services will match the BTC expenses for the service. Moreover, IT infrastructure personnel are not required for so-called MACs (Moves, Adds and Changes), as these services can be provided by existing BTC personnel.

The BTC is a high technology incubator, and the ability to retain the most up-to-date voice technology with the flexible and optional features available at considerable value is advantageous. The Commission seeks to participate in the CALNET II program by executing the required Authorization with Verizon. By so doing, the Commission finds it is in the best public interest to forego required language from certain Board mandated contract clauses in favor of similar State provisions under CALNET II. The CALNET II Master Agreement with Verizon and the Authorization have been reviewed and approved by the Commission, the County Chief Information Officer, and County Counsel.

NOTIFICATION TIMELINE

Unless otherwise directed by your Board within two (2) weeks from the date of this notification, we will proceed to execute said Authorization with Verizon.

If you have any questions or need additional information, please contact Dr. Mark Lieberman, Manager Regional Economic Development, at (626) 296-6303.

CC:ML:nb/m-verizon

c: Each Deputy